Please find our Research on Bloomberg BRYG <GO>)

13th December 2016

BG's Wake Up Call

	Last close	Daily chg (%)	Chg YTD (%)
Indices			
Dow Jones	19796.43	+0.20%	+13.61%
S&P 500	2256.96	-0.11%	+10.42%
Nasdaq	5412.54	-0.59%	+8.09%
Nikkei	19250.52	+0.5%	+0.64%
Stoxx 600	353.742	-0.46%	-3.30%
CAC 40	4760.77	-0.07%	+2.67%
Oil /Gold			
Crude WTI	52.83	+2.58%	+42.02%
Gold (once)	1159.52	-0.29%	+9.14%
Currencies/Rates			
EUR/USD	1.06085	+0.68%	-2.34%
EUR/CHF	1.07795	+0.27%	-0.87%
German 10 years	0.31	+17.35%	-51.20%
French 10 years	0.883	+9.03%	-9.95%
Euribor	-	+-%	+-%

Economic releases :

Date	
13th-Dec	CNY - Industrial prod. Nov. 6.0%A = CNY - Retail Sales Nov. (10.4% E y/y) 10h30 CPI Nov. (1.1% E) 10h30 GB - Core CPI (1.3% E) 11h00 EUZ - ZEW Survey Eco Sentiment 11h00 DE - ZEW Eco Sentiment Dec. (14E)

Upcoming BG events :

Date	
13th-Dec	Jean-Pierre Petit, Président des Cahiers Verts de l'Economie.

Recent reports :

Date	
13th-Dec	Construction - Paris Reverse Roadshow feedback
7th-Dec	Brewers : Our takeaways from the Consumer Conference
5th-Dec	TAVI is VITAL
2nd-Dec	FD-SOI: forbidden fruit of the industry and market
29th-Nov	Morphosys We want MORe! (Fair Value EUR65 BUY)
28th-Nov	Fashion E-Commerce: Serving Consumers not Uberising Them! Coverage initiation of ZALANDO, YOOX, H&M,

List of our Reco & Fair Value : Please click here to download

ENGIE — BUY, Fair Value EUR14,8 vs. EUR15,6 (+24%)

FV lowered to EUR14.8 following the update on nuclear provisions – first take

Engie announced this morning it has received the opinion of the CNP regarding the revaluation of the discount rate used for the company's nuclear provisions. Discount rate is revised downward from 4.8% to 3.5%. As a consequence, nuclear provisions have been revised upward by EUR1.8bn. This led us to decrease mechanically our FV from EUR15.6 to EUR14.8 per share. We additionally expect this update to lead to a c. EUR130m headwind at the net income level. Buy rating maintained.

FRESENIUS SE — BUY-Top Picks, Fair Value EUR78 (+11%)

Daptomycin could well be at the source of another surprisingly strong quarter at KABI

Daptomycin (IV Gx launched in September) could enable Fresenius KABI to report a strong Q4. Only KABI and TEVA have been marketing generic versions of the drug so far. We estimates this drug alone could add approx. EUR60m in sales and boost Q4 and FY 2016 EPS by 5-6% and 1-2% respectively.

IMERYS — BUY, Fair Value EUR75 vs. EUR72 (+7%)

Exposure to construction technologies stengthened

Although the deal will not be closed before mid-2017, we have deciced to take the Kerneos consolidation into account in our estimates. It adds EUR3 to our FV. Kerneos is likely to add growth and profitability to Imerys, although the part of the business exposed to refractories is probably not a must-have. In any case, the deal will offset a lack of volume growth at Imerys. This underpins our Buy recommendation, but admittedly upside is more limited, after the recent "rally" in the share price.

INGENICO GROUP — BUY, Fair Value EUR112 (+55%)

Reassuring read-across from VeriFone's Q4 earnings on the US and Brazil

VeriFone released better-than expected Q4 2016 and made reassuring comments regarding EMV in the US and the situation in Brazil. For its fiscal year 2017, the management gave a disappointing detailed guidance, impacted by the recent decision of Visa and MasterCard to extend by three years the deadline for chip cards at automated fuel pumps in the US (to 1st Oct. 2020). Note that Ingenico is absolutely not exposed to the fuel pumps market. For several quarters now, the read across we can make is only on EMV in the US (except that related to fuel pumps) and on Brazil. VeriFone sees no deterioration, at the contrary it expects improvement and a normalization in the next quarters. We maintain our Buy rating and FV of EUR112 on Ingenico (weak H1 but strong H2, valuation is low).

MBWS — NEUTRAL, Fair Value EUR18 vs. EUR17,1 (+10%)

BIG 3.0 does not remove doubts about profitable organic growth

We revise upwards our sales target for 2018 from EUR480m to EUR542m as we integrate the group's guidance for Sobieski Trade (sales of EUR148m in 2018). We have only notched up our EBITDA forecast for 2018 slightly from EUR58m to EUR62m as this activity has very low profitability. We think BIG 3.0 does not remove doubts about profitable organic growth. We maintain our Neutral recommendation. Our Fair Value is adjusted upwards to EUR18.

PAYMENTS

Several funds are considering the acquisition of Concardis

In brief...

GROUPE SEB, *New EUR800m Schuldschein successfully issued*

QIAGEN, *Additional US guidelines on TB diagnostic allows QIAGEN to fire on all fronts*

UBISOFT, *The latest news on Watch Dogs 2 and Steep is reassuring*

ZEALAND, *Dasiglucagon enters phase II with Beta Bionics*

Utilities

ENGIE

Price EUR11.98

FV lowered to EUR14.8 following the update on nuclear provisions – first take

Fair Value EUR14,8 vs. EUR15,6 (+24%) **BUY**

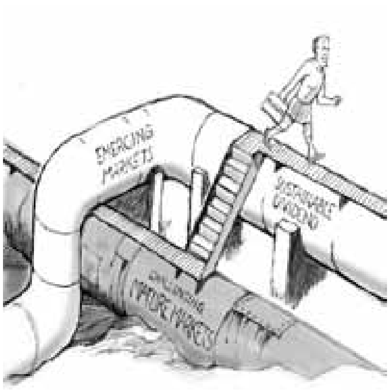
Bloomberg	ENGI FP
Reuters	ENGIE.PA
12-month High / Low (EUR)	16.5 / 11.3
Market Cap (EURm)	29,163
Ev (BG Estimates) (EURm)	69,645
Avg. 6m daily volume (000)	5 822
3y EPS CAGR	-20.6%

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.2%	-16.6%	-15.2%	-26.6%
Utilities	3.2%	-6.7%	-6.7%	-11.7%
DJ Stoxx 600	4.8%	3.4%	6.3%	-3.3%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	69,883	65,666	64,457	65,535
% change		*-6.0%*	*-1.8%*	*1.7%*
EBITDA	11,261	10,794	10,593	10,881
EBIT	-3,243	6,182	5,900	6,095
% change		*NS*	*-4.6%*	*3.3%*
Net income	2,589	2,409	2,334	2,443
% change		*-6.9%*	*-3.1%*	*4.7%*

	2015	2016e	2017e	2018e
Operating margin	-4.6	9.4	9.2	9.3
Net margin	3.7	3.7	3.6	3.7
ROE	10.2	5.0	4.9	5.1
ROCE	6.8	4.3	4.1	4.2
Gearing	61.5	55.5	60.0	60.2

(EUR)	2015	2016e	2017e	2018e
EPS	2.04	1.01	0.97	1.02
% change	-	*-50.7%*	*-3.1%*	*4.7%*
P/E	5.9x	11.9x	12.3x	11.7x
FCF yield (%)	0.8%	28.3%	10.9%	13.5%
Dividends (EUR)	1.00	1.00	0.70	0.70
Div yield (%)	8.4%	8.4%	5.8%	5.8%
EV/Sales	1.1x	1.1x	1.1x	1.1x
EV/EBITDA	6.8x	6.5x	6.6x	6.4x
EV/EBIT	NS	11.3x	11.8x	11.4x



Engie announced this morning it has received the CNP's opinion regarding the revaluation of the discount rate used for the company's nuclear provisions. The discount rate has been revised downwards from 4.8% to 3.5%. As a consequence, nuclear provisions have been revised upwards by EUR1.8bn. This has led us to decrease mechanically our FV from EUR15.6 to EUR14.8 per share. We additionally expect this update to lead to a c. EUR130m headwind at the net income level. Buy recommendation maintained.

ANALYSIS

- Engie announced this morning that it has received **the opinion of the Commision for Nuclear Provisions (CNP) concerning the revaluation of provisions for its Belgian nuclear power plants**. As a reminder, the revision process for these nuclear provisions is conducted every three years.
- As expected, **the discount rate has been revised downwards by 130bps from 4.8% initially to 3.5%.** It includes an unchanged inflation rate of 2.0% and a real interest rate of 1.5% vs. 2.8% initially.
- **This has led nuclear provisions to increase by EUR1.8bn to c. EUR10.2bn**. This appears to be slightly higher than the initial sensitivity provided by the company (EUR1.1bn impact for a 100bps variation in the discount rate).
- According to the other sensitivity provided during Q3 2016 results by Engie, **this 130bp change in the discount rate would have a c. EUR120-130m negative impact at the net income level.**
- Due to increased provisions in our SOTP, **we have mechanically lowered our FV by EUR0.8 per share to EUR14.8 per share** which still implies a c. 24% upside vs. the current company share price.
- Buy recommendation maintained.

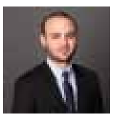
VALUATION

- At the current share price, the stock trades at **6.3x** its 2016e EV/EBITDA multiple
- **Buy, FV @ EUR14.8.**

NEXT CATALYSTS

- **March 2nd:** FY16 results

Click here to download



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Healthcare

Fresenius SE

Price EUR70.40

Daptomycin could well be at the source of another surprisingly strong quarter at KABI

Fair Value EUR78 (+11%) **BUY-Top Picks**

Bloomberg	FRE GR
Reuters	FREG.DE
12-month High / Low (EUR)	72.9 / 53.1
Market Cap (EUR)	38,507
Ev (BG Estimates) (EUR)	53,701
Avg. 6m daily volume (000)	1,104
3y EPS CAGR	13.4%

	1 M	3 M	6 M	31/12/15
Absolute perf.	3.5%	1.8%	10.0%	6.7%
Healthcare	-0.5%	-5.2%	-5.0%	-13.8%
DJ Stoxx 600	4.8%	3.4%	6.3%	-3.3%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	27,626	28,960	33,608	35,919
% change		*4.8%*	*16.1%*	*6.9%*
EBITDA	4,990	5,448	6,277	6,823
EBIT	3,875	4,289	4,933	5,387
% change		*10.7%*	*15.0%*	*9.2%*
Net income	1,358	1,638	1,904	2,106
% change		*20.6%*	*16.3%*	*10.6%*

	2015	2016e	2017e	2018e
Operating margin	14.0	14.8	14.7	15.0
Net margin	4.9	5.7	5.7	5.9
ROE	7.2	7.9	8.4	8.5
ROCE	3.8	4.4	4.9	5.2
Gearing	118.4	106.9	100.3	90.8

(EUR)	2015	2016e	2017e	2018e
EPS	2.62	3.00	3.45	3.81
% change	-	*14.6%*	*15.0%*	*10.6%*
P/E	26.9x	23.5x	20.4x	18.5x
FCF yield (%)	1.9%	4.0%	2.0%	4.7%
Dividends (EUR)	1.69	1.95	2.26	2.50
Div yield (%)	2.4%	2.8%	3.2%	3.6%
EV/Sales	1.9x	1.9x	1.8x	1.7x
EV/EBITDA	10.4x	9.9x	9.5x	8.8x
EV/EBIT	13.4x	12.5x	12.1x	11.2x

Daptomycin (IV Gx launched in September) could enable Fresenius KABI to report a strong Q4. Only KABI and TEVA have been marketing generic versions of the drug so far. We estimates this drug alone could add approx. EUR60m in sales and boost Q4 and FY 2016 EPS by 5-6% and 1-2% respectively.

ANALYSIS

- **October 2016 IMS data showed that Fresenius KABI derived USD21m (EUR20m) in sales from Daptomycin. The launch pace is significantly stronger than we anticipated in our previous note** (*Sept 23rd – FRE KABI diluted but ST outlook still strong*). Although monthly sales reported by IMS should be carefully extrapolated and first month sales include a stocking effect from distributors, an **update to our estimates shows that Fresenius KABI might stream close to EUR60m in sales from the product in 2016.** As a reminder, Daptomycin is an antibiotic indicated in the treatment of serious and/or complicated, skin, blood or bone joints infections. The branded product, Cubicin, marketed by Merck & Co following its USD9.5bn buyout of Cubist in 2014 lost its patent in June 2016. While several drug makers have filed ANDAs, TEVA and Fresenius KABI are the two only companies offering generic Daptomycin since September 2016 (approved on the 15th and 20th respectively). No other Gx drug maker has entered the US market yet to our knowledge; despite having been approved by the FDA, Crane Pharma and Hospira's Gx Daptomycin are not available.

Daptomycin Sales Model

in USDm	Q3 2016	Oct	Nov	Dec	Q4 2016	FY 2016
Total Sales (Cubicin+Gx)	**325**	**98**	**98**	**92**	**289**	**1263**
Merck&Co	320	56	51	46	154	1123
y/y %	-2%				-52%	0%
market share %	98%	57%	53%	50%	53%	89%
ms Gx Cie %	2%	43%	48%	50%	47%	11%
Discount %	30%	30%	30%	30%	30%	30%
Total sales Gx Cies	5	42	46	46	135	140
nb Gx Cie	2	2	2	2	2	2
Fresenius ms		**21%**	**24%**	**25%**	**23%**	**6%**
Fresenius Sales (USDm)	**3**	**21**	**23**	**23**	**67**	**70**
EUR/USD	1,1652	1,0633	1,0551	1,0863	1,0866	1,1098
Fresenius KABI Quarterly Sales	**2**	**20**	**22**	**21**	**62**	**63**

may not foot due to rounding

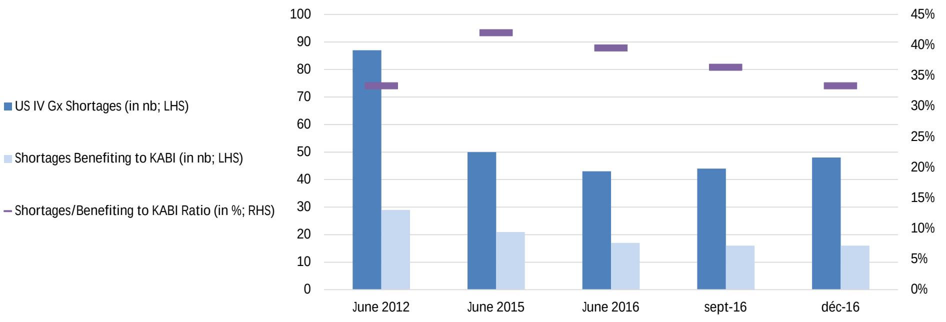
Source : IMS Health; Bloomberg; Bryan Garnier & Co. ests.

- **KABI organic growth may potentially be boosted by 4pp to 9.5% in Q4; FY2016 CER growth for the division would be 6.5%... above the 4-6%CER range targeted by the company**. In detail, Daptomycin could boost **1/** IV drug sales by 9pp to 12%CER in Q4 (40% of KABI sales), after two quarters of muted performance due to the anticipated easing of the US drug shortage situation and **2/** NA sales up by 11pp to 14%CER (35% of KABI sales). While management improved FY2016 outlook for KABI NA sales from "roughly flat" to "low- to mid-single digit"… Daptomycin would potentially bring it to 8%CER.

- At the group level, the impact on the topline would be limited as KABI represents approx. 20% of sales. **However, the impact on earnings should not be overlooked as the product alone could lift our Q4 and FY 2016 EPS by 5-6% and 1-2% respectively**. Indeed profitability of generic Daptomycin is likely to be above the 40% threshold as only two companies operate on the Gx market for now (we have assumed a 50% EBIT margin). This would add EUR30m to our Q4 and FY2016 EBIT. Entering 2017, it is harder to accurately predict the impact on both the top- and bottom lines as several other generic drug makers (seven) have filed ANDAs. Should the situation remained unchanged in 2017, Fresenius KABI could derive ~EUR230m from sales of Daptomycin. In a more conservative approach and assuming that all the seven companies would progressively reach the market, we estimate that Daptomycin would account for EUR110m in sales.

- **This adds weight to our scenario that the short-term outlook for KABI is not at risk despite the**

easing of the US drug shortage situation. As of today, **1/** 16 IV drugs marketed by KABI are designated as being in shortage, a level unchanged since the end of Q3, **2/** nine IV generic drugs have been launched (which compares to a 6-10 drug launch guidance) and **3/** close to 50 ANDAs have been filed to the FDA. Other sources of upside for FRE in late Q4 and 2017 incude higher than anticipated synergies from Quirónsalud in the hospital business and the EUR/USD decrease seen in Q4 (-7%) with 40% of sales streamed from the US.



VALUATION

- We reiterate our BUY recommendation on Fresenius SE, which is on our Q4 Top-Pick list.
- No change to our estimates.

NEXT CATALYSTS

- 22nd February: Q4/FY 2016 results

Click here to download

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Eric Le Berrigaud
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Construction & Building Materials

Imerys

Price EUR70.23

Bloomberg	NK FP
Reuters	IMTP.PA
12-month High / Low (EUR)	70.3 / 51.6
Market Cap (EUR)	5,588
Ev (BG Estimates) (EUR)	7,266
Avg. 6m daily volume (000)	62.20
3y EPS CAGR	13.1%

	1 M	3 M	6 M	31/12/15
Absolute perf.	7.5%	11.1%	13.9%	9.0%
Cons & Mat	2.0%	3.3%	9.6%	6.6%
DJ Stoxx 600	4.8%	3.4%	6.3%	-3.3%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	4,087	4,139	4,445	4,777
% change		*1.3%*	*7.4%*	*7.5%*
EBITDA	745	795	901	985
EBIT	468.2	526.7	608.7	673.1
% change		*12.5%*	*15.6%*	*10.6%*
Net income	285.9	339.3	371.0	409.9
% change		*18.7%*	*9.3%*	*10.5%*

	2015	2016e	2017e	2018e
Operating margin	11.5	12.7	13.7	14.1
Net margin	1.7	7.5	8.2	8.6
ROE	12.9	13.8	13.7	13.9
ROCE	7.9	8.0	8.3	8.3
Gearing	55.4	52.8	77.7	70.1

(EUR)	2015	2016e	2017e	2018e
EPS	3.56	4.26	4.66	5.15
% change	-	*19.4%*	*9.6%*	*10.5%*
P/E	19.7x	16.5x	15.1x	13.6x
FCF yield (%)	5.0%	4.0%	3.8%	4.4%
Dividends (EUR)	1.75	1.94	2.06	2.27
Div yield (%)	2.5%	2.8%	2.9%	3.2%
EV/Sales	1.8x	1.8x	1.8x	1.7x
EV/EBITDA	9.9x	9.1x	9.0x	8.1x
EV/EBIT	15.7x	13.8x	13.3x	11.9x

Exposure to construction technologies stengthened

Fair Value EUR75 vs. EUR72 (+7%) BUY

Although the deal will not be closed before mid-2017, we have deciced to take the Kerneos consolidation into account in our estimates. It adds EUR3 to our FV. Kerneos is likely to add growth and profitability to Imerys, although the part of the business exposed to refractories is probably not a must-have. In any case, the deal will offset a lack of volume growth at Imerys. This underpins our Buy recommendation, but admittedly upside is more limited, after the recent "rally" in the share price.

ANALYSIS

- Organic decline, mostly due to a volume decline, is currently one of the key issues in the investment case. The group is able to generate a positive price-mix but this is not enough to offset the volume decline. The group's ability to generate growth through M&A is also a key element of the strategy. At end-September, the 1.4% in revenue growth was a combination of a 3% volume decline, a +0.7% price-mix, -0.7% FX impact, more than offset by a positive 4.4% scope effect. This scope impact is likely to be reduced in Q4 2016 onwards, but the Kerneos acquisition will contribute in H2 2017. 2017 sales growth is likely to be decent then (>7%), mostly thanks to the scope effect (+5%) despite virtually no volume effect in our model (-0.1%) but another positive price-mix (+1%). Note that Kerneos generated EUR415m in annual sales at end September for EUR100m in EBITDA. The group is also more dynamic (3.3% sales CAGR in the last three years, virtually entirely organic) and more profitable (24% EBITDA margin vs 19% for Imerys), but is likely to report similar capex and capital intensity profiles than Imerys.
- Beyond top line growth, this acquisition should have a positive mix effect on EBIT margin, with Kerneos likely to stand at around 18% (estimated vs 13.8% expected for Imerys in 2016e). Nevertheless, capex will be significant in the next couple of years, above EUR40m vs maintenance capex around EUR30m to EUR35m pa.
- The benefits of Kerneos' products are very similar to those of Imerys, but they are not similar. The key product is calcium aluminate clinker (CAC, a combination of lime and alumina – Kerneos being the world leader), used in specialty cements and the key application is flooring (60% of construction technologies revenues or 46% of total revenues). It can give various qualities to screeds (rapid hardening, self-leveling, sealing etc). Also, like Imerys' products, the Kerneos products provide real value-added to the final product but represent a small share of its cost (but the final products, ie specialty cements, are much more expensive than common cement). Its worth underlying the fact that Kerneos is exposed to some niche markets in particular within the construction sector, usually more dynamic than the construction market per se. Imerys considers the construction segment where CAC is used increases by 4% to 5% per annum. Hence a top line growth more sustainable than Imerys. While c25% of Imerys revenues are exposed to construction, the group says there is a good fit with Kerneos, with no overlap (no cannibalisation of products). Interestingly, Sika, which currently reports steady revenues growth, is one of the clients of Kerneos.
- While 68% of Kerneos sales is exposed to construction technologies, 32% is exposed to refractories. The CAC can be used as an ingredient for products used in the insulation of furnaces. It provides resistance to heat or corrosion. One of its clients is Calderys, the Imerys subsidiary specialised in monolithic refractories. This part of the business is exposed to steel, in particular. This is of course a much more mature market. In the last three years, the sales decline has been -c5% according to our calculations. Imerys CEO Gilles Michel considers the worst should be behind us and expect this market to be more stable and "at some point to recover".

VALUATION

- Our new FV increased by roughly EUR3 per share, both through a DCF approach and with the application of historical multiples to our forecast. Our new FV stands at EUR75 (vs EUR72).

NEXT CATALYSTS

- FY 2016 results to be released on 16th February 2017.

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TMT

Ingenico Group

Price EUR72.45

Reassuring read-across from VeriFone's Q4 earnings on the US and Brazil

Fair Value EUR112 (+55%) **BUY**

Bloomberg	ING FP
Reuters	INGC.PA
12-month High / Low (EUR)	118.5 / 69.7
Market Cap (EURm)	4,455
Ev (BG Estimates) (EURm)	4,539
Avg. 6m daily volume (000)	325.4
3y EPS CAGR	7.9%

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.7%	-9.1%	-29.6%	-37.8%
Softw.& Comp.	1.7%	-2.9%	5.6%	3.5%
DJ Stoxx 600	4.6%	2.9%	4.1%	-2.9%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	2,197	2,278	2,474	2,694
% change		*3.7%*	*8.6%*	*8.9%*
EBITDA	508	456	520	593
EBIT	436.5	387.3	445.4	511.9
% change		*-11.3%*	*15.0%*	*14.9%*
Net income	273.7	251.1	294.8	344.3
% change		*-8.3%*	*17.4%*	*16.8%*

	2015	2016e	2017e	2018e
Operating margin	19.9	17.0	18.0	19.0
Net margin	10.8	10.0	10.8	11.9
ROE	15.2	13.0	13.4	14.1
ROCE	16.5	14.5	17.0	19.9
Gearing	16.7	4.9	-9.2	-22.1

(EUR)	2015	2016e	2017e	2018e
EPS	4.47	4.09	4.80	5.61
% change	-	*-8.5%*	*17.4%*	*16.8%*
P/E	16.2x	17.7x	15.1x	12.9x
FCF yield (%)	6.2%	6.1%	7.0%	8.1%
Dividends (EUR)	1.30	1.27	1.49	1.79
Div yield (%)	1.8%	1.8%	2.0%	2.5%
EV/Sales	2.1x	2.0x	1.7x	1.5x
EV/EBITDA	9.3x	10.0x	8.2x	6.7x
EV/EBIT	10.8x	11.7x	9.6x	7.8x

VeriFone has released better-than expected Q4 2016 earnings and made reassuring comments regarding EMV in the US and the situation in Brazil. For its fiscal year 2017, management gave disappointing detailed guidance, impacted by the recent decision by Visa and MasterCard to extend by three years the deadline for chip cards at automated fuel pumps in the US (to 1st Oct. 2020). Note that Ingenico is absolutely not exposed to the fuel pumps market. For several quarters now, the read across we can make is only on EMV in the US (except that related to fuel pumps) and on Brazil. VeriFone sees no deterioration, on the contrary it expects an improvement and a normalisation in coming quarters. We maintain our Buy recommendation and FV of EUR112 on Ingenico (weak H1 but strong H2, valuation is low).

ANALYSIS

- **VeriFone released better-than-expected Q4 2016 earnings at end-October**: USD468m in non-GAAP revenue i.e. -12.6% Y/Y lfl, and USD0.30 in non-GAAP EPS (guidance of USD460m and USD0.28-0.29 / Thomson Reuters consensus of USD461.3m and USD0.29). Management said **its revenue was consistent with its expectation of EMV-related demand in the US** (North America -28.6% lfl), it also reported 16% growth in Services revenues (by acquisitions and organically), and **it saw good growth in EMEA** (+4.2% lfl) **and Latin America** (+7.3% lfl). As a result, its FY16 non-GAAP revenue came out at USD2.006bn up 0.5% lfl, and its non-GAAP EPS at USD1.66 (vs. guidance of USD2bn and USD1.64-1.65 / cons. of USD1.999bn and USD1.65 respectively).

- Back in September, VeriFone lowered its outlook for Q4 and provided more balanced views on 2017 (consolidated revenues to be ~3% below FY16) because of Turkey, mainly Brazil in Latam (political and macro-economic factors) and a lower than expected pace of EMV terminalisation in the US (change in EMV rules for small and mid-sized merchants). **Now, management says: 1) it expects the speed of EMV, certifications and bottlenecks to improve in 2017 in the US, i.e. the beginning of a more normalised trend for coming quarters** (~30% of the market to upgrade by April 2018); 2) however, the group is specifically affected by Visa and Mastercard's announcement that they will delay the mandated date for implementing chip card payments at automated fuel pumps in the US by three years (from 1st Oct. 2017 to 1st Oct. 2020). Note that unlike VeriFone, Ingenico is not exposed to automated fuel pumps; 3) Turkey rebounded in Q4 and has a solid longer-term growth potential (two thirds of the market still need upgrades); **4) Brazil achieved strong results and key certifications in mPOS**; and 5) it has pilots underway with distribution partners in Japan, it sold new value-priced products in Indonesia and Thailand, India offers potential from demonetization-related demand, and it expects meaningful top-line growth in China in FY17.

- **VeriFone gave more detailed guidance on its FY17 (end-Oct. 2017)**. It now expects non-GAAP revenue of USD1.900bn-1.915bn (i.e. between -5.3% and -4.5% Y/Y vs. ~-3% previously) with EPS of USD1.35-1.39, namely below the Street (USD1.92bn and USD1.59 respectively) because it now takes into account the 3-year EMV delay at automated fuel pumps (not applicable to Ingenico). **For several quarters now, there is a genuine read-across from VeriFone's comments regarding the EMV migration in the US (except for fuel pumps) and the situation in Brazil. So, we are reassured by its statements** (please see 1) and 4) highlighted in bold type in the previous paragraph).

- **As a reminder, VeriFone's Q4 is equivalent to two thirds of Ingenico's Q3 2016** (already published at the end of October: lfl revenue at +7%). Ingenico guides on organic revenue growth >= 7% and EBITDA margin >=20% in 2016 (cons. 7.5% and 20.3% / BG est. 7.1% and 20.0**%**). **Management should give 2017 guidance on 23rd February** (FY16 release). **We know that: 1)** the comparison basis will be unfavourable until the end of H1 2017 in North America, Brazil and Europe-Africa; **but 2)** H2 should benefit from better comps, the pick-up of the EMV migration and market share gains in the US, a stabilisation in Brazil, the start of EMV in Japan, ramp-up in new markets (Thailand, Vietnam, Indonesia, India…); **3)** Eastern Europe should continue to grow (opportunities in Czech Republic, Poland…) **4)** APAC should grow double digit (mainly thanks to China); **and 5)** ePayments (two thirds of the Payment Services division) should deliver a solid growth in line with the market over the FY. **We maintain our 2017 forecasts:** lfl revenue growth of 8% (+5% for its overall geographies and +15% for e-payments) with an EBITDA margin of 21.0% (+100bp Y/Y).

VALUATION

- **We maintain our Buy recommendation and FV of EUR112**. The share is trading at **undemanding 12 rolling months multiples**: EV/EBITDA of 8.3 and P/E of 15.2x.

- **To justify Ingenico's current share price in a reverse DCF over 10 years, we would have to assume a 5% top-line organic growth with an EBITDA margin of only 15.5%** (vs. FY16 guidance

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of >=7% and >=20% respectively). Such a top-line growth is cautious but not improbable, however the 15.5% is illogical as we know that 2016 EBITDA margin (20%) should a floor in its mid-term plan (given the specific efforts made in 2016 to develop and bring to market its offerings in ePayments and to roll out its new terminal products).

NEXT CATALYSTS

- **FY16 earnings results:** on 23rd February, 2017 (after markets).

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Food & Beverages

MBWS

Price EUR16.30

Bloomberg	MBWS FP
Reuters	MBWS.PA
12-month High / Low (EUR)	20.3 / 14.9
Market Cap (EURm)	462
Ev (BG Estimates) (EURm)	-16,004
Avg. 6m daily volume (000)	53.90
3y EPS CAGR	99.4%

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.9%	-0.7%	-5.5%	-19.3%
Food & Bev.	0.1%	-7.0%	-5.4%	-7.3%
DJ Stoxx 600	4.6%	2.9%	4.1%	-2.9%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	451,050	442,430	486,171	542,515
% change		*-1.9%*	*9.9%*	*11.6%*
EBITDA	11,219	19,157	35,588	62,552
EBIT	5,093	12,565	28,879	55,011
% change		*146.7%*	*129.8%*	*90.5%*
Net income	5,484	-4,297	19,924	46,260
% change		*NM*	*NS*	*132.2%*

	2015	2016e	2017e	2018e
Operating margin	3.2	2.8	5.9	10.1
Net margin	1.2	-1.0	4.1	8.5
ROE	NM	NM	NM	NM
ROCE	6.9	-0.9	-1.1	-1.3
Gearing	-34.7	-7.3	-17.2	-30.4

(EUR)	2015	2016e	2017e	2018e
EPS	0.21	-0.15	0.71	1.64
% change	-	*NM*	*NS*	*132.2%*
P/E	78.8x	NS	23.1x	9.9x
FCF yield (%)	NM	0.4%	6.4%	12.2%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	NS	0.0x	NS	NS
EV/EBITDA	NS	NS	NS	NS
EV/EBIT	NS	NS	NS	NS

BIG 3.0 does not remove doubts about profitable organic growth

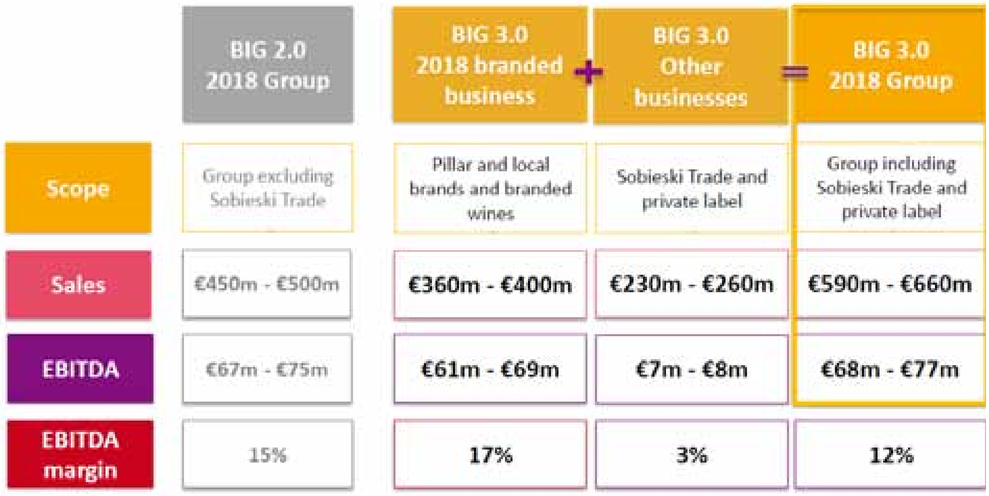
Fair Value EUR18 vs. EUR17,1 (+10%) **NEUTRAL**

We revise upwards our sales target for 2018 from EUR480m to EUR542m as we integrate the group's guidance for Sobieski Trade (sales of EUR148m in 2018). We have only notched up our EBITDA forecast for 2018 slightly from EUR58m to EUR62m as this activity has very low profitability. We think BIG 3.0 does not remove doubts about profitable organic growth. We maintain our Neutral recommendation. Our Fair Value is adjusted upwards to EUR18.

ANALYSIS

- **BIG 3.0.** MBWS has updated its strategic plan for 2018 for the second time. **EBITDA margin guidance has been revised downwards from 15% to 12%.** The EBITDA objective is roughly unchanged vs BIG 2.0 at EUR68-77m vs EUR67-75m previously. But the sales target was adjusted upwards from EUR450-500m to EUR590-660m. **The sales upgrade is mainly related to Sobieski Trade, the non-core wholesale business in Poland. Contrary to what was indicated in BIG 2.0, MBWS has decided not to sell it. This is completely in line with the scenario we elaborated in our initiation dated 23rd November.** We think that the company may have wanted to guarantee its access to the traditional trade in Poland which represents 50% of the market in a context where its main competitor has been purchased by the first country's wholesaler Eurocash. **The group indicated Sobieski Trade should grow by 17% on average between 2015 and 2018. We think this is mainly due to the group's new distribution contract for Coca-Cola products in Poland. The distribution of third-party brands is an activity with a very low profitability, which explains why EBITDA guidance at the group level is basically unchanged vs the previous strategic plan.** From a capital allocation standpoint, MBWS said that it will resume dividend distribution in the mid term (maybe as soon as 2017) and considers bolt-on acquisitions to strengthen its route-to-market or add a new category (rum is the preferred target). The CEO said he has the possibility to leverage the net debt to EBITDA ratio as high as 2.5x.

BIG 3.0 vs BIG 2.0



	BIG 2.0 2018 Group	BIG 3.0 2018 branded business	+ BIG 3.0 Other businesses	= BIG 3.0 2018 Group
Scope	Group excluding Sobieski Trade	Pillar and local brands and branded wines	Sobieski Trade and private label	Group including Sobieski Trade and private label
Sales	€450m - €500m	€360m - €400m	€230m - €260m	€590m - €660m
EBITDA	€67m - €75m	€61m - €69m	€7m - €8m	€68m - €77m
EBITDA margin	15%	17%	3%	12%

Source: MBWS

- **Streamlining component of the strategic plan mostly finalised.** The group has sold off the retail activities Galeria Alkoholi, some real estate properties in France and Poland and the Polish mineral water producer Augustowianka. These sales generated cash proceeds of EUR30m, of which EUR13m was received during this year and EUR17m will be received in 2017. Some real estate assets and production equipment in Poland remain to be sold, which should bring an additional EUR5m in cash over the 2017-2018 period. **The total EUR35m in cash proceeds fell slightly short of the EUR40m objective set in BIG 2.0 as the group decided not to sell Sobieski Trade.** The restructuring of Sobieksi Trade will contribute EUR3.5m of EBITDA in 2016. This activity is now at break-even.

- **Optimisation on track.** The new route to market is now in place and the reduction in procurement costs is achieved, specifically via the agreement for the supply of Scotch Whisky with La Martiniquaise Bardinet. The ongoing initiatives notably concern the improvement of commercial excellence (category management in France and Poland) and the simplification of operations with SKU rationalisation and recipe reformulations. The industrial footprint has been modernised, with the exception of the distillation capacity in Poland which will be finalised by year end-2017. **Optimisation should have a positive EBITDA impact of EUR5m in 2016 and EUR20m in 2017-2018 (of which EUR8m in 2018 related to the distillation capacity in Poland). Overall this is in line with the EUR25m target given in BIG 2.0.**

- **Focus on growth.** **MBWS has stated that growth will be its no. 1 priority going forward. This should generate between EUR28 and EUR37m of EBITDA out to 2018 (basically unchanged vs BIG 2.0).** The company said that most of the wines and spirits market growth will be driven by the mainstream segment in the markets in which it operates. **The branded business (61% of sales) will be key** to seize this opportunity. It will now be separated from the Other businesses which comprise Sobieski Trade (21% of sales) and the private labels activity (18%). The pillar brands account for 50% of the branded sales and now are six ie William Peel, Krupnik, Sobieski, Marie Brizard, Fruits and Wines and Cognac Gautier. CEO indicated that the pillar brands should post a sales CAGR of 14%. The main growth drivers will be Gautier (+48% in volume), Marie Brizard (+26%), Sobieski (+14%) and Fruits & Wines (+13%). MBWS has announced that going forward it will report its results along four geographic clusters for the branded business for which it will provide volume, revenue and EBITDA details. Over the 2015-2018 period MBWS expects Western Europe/Middle East & Africa (32% of sales in 2015) to grow 4%, Central & Eastern Europe (21% of sales) +16%, Americas +25% (6% of sales) and Asia Pacific (1% of sales) +41%. **The strengthening of the route to market should play a huge part in this performance, as well as the increase in A&P expenditures behind pillar brands. They should reach 8% of sales vs 6% currently.**
- **Estimates.** The group has reiterated its 2016 guidance for EBITDA of around EUR20m, excluding the impact of IFRS Standard #2. Most of the growth vs 2015 should come from optimisation (EUR5m). Streamlining should also contribute (EUR3.5m). As a reminder, H1 EBITDA was basically zero as the group stepped up its A&P expenditure and increased its salary expenses with several recruitments during the course of 2015. The group indicated it expects EUR450m in terms of sales in 2016 (our estimate: EUR442m). **We revise upwards our sales target for 2018 from EUR480m to EUR542m as we integrate the group's guidance for Sobieski Trade (sales of EUR148m in 2018). Our EBITDA forecast for 2018 was only slightly revised upwards from EUR58m to EUR62m as this activity has very low profitability. We still have some doubts about the potential for profitable organic growth.**

VALUATION

- We maintain our Neutral recommendation. Our Fair Value is adjusted to EUR18.

NEXT CATALYST

- MBWS will release its Q4 sales on 7th February

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Sector View

Payments

Several funds are considering the acquisition of Concardis

	1 M	3 M	6 M	31/12/15
Softw.& Comp. SVS	3.9%	-2.8%	7.5%	3.0%
DJ Stoxx 600	4.8%	3.4%	6.3%	-3.3%

*Stoxx Sector Indices

Companies covered

GEMALTO		**SELL**	**EUR52**
Last Price	EUR53,3	*Market Cap.*	EUR4,791m
INGENICO GROUP		**BUY**	**EUR112**
Last Price	EUR70,14	*Market Cap.*	*EUR4,313m*
WIRECARD		**BUY**	**EUR58**
Last Price	EUR41,755	*Market Cap.*	*EUR5,159m*
WORLDLINE		**BUY**	**EUR32**
Last Price	EUR24,155	*Market Cap.*	*EUR3,193m*
WORLDPAY		**NEUTRAL**	**278p**
Last Price	260p	*Market Cap.*	*GBP5,200m*

NEWS

- **According to Reuters, several investment funds are about to submit bids to acquire Concardis, valuing it at over EUR600m** (i.e. at the high end of the first estimated range of EUR360-550m), namely an expensive 16.5x operating profit 2016e. **It seems that CVC, Bridgepoint and the consortium formed by Advent International and Bain Capital should submit offers early next week at the latest**. Industrials players such as Wirecard would no longer be in the race.
- **German savings banks and privately-held banks each own 39% of Concardis. Another 20% is held by cooperative banks.** Shareholders including Deutsche Bank, Commerzbank and Unicredit have reported they want to sell out, while some of the other lenders may stay partially invested. **The name of the new owner should be known early next year.**
- **More deals in the sector are likely to follow.** In Germany, small peer Heidelberger Payment is currently also up for sale, while savings-banks owned B+S Card Service is looking for an investor.

ANALYSIS

- **Back in October, Reuters already reported that German banks had launched the sale of jointly held payment group Concardis** as some of the owners sought an exit to focus on other activities. **The group is seeking a partner for investments in new technologies.** The first offers were initially expected by early November. **At that given time, we believed this rumour was plausible** as we had already heard it by an industrial source a couple of months ago.
- **Note that Concardis offers payment services focused on the acquiring business i.e. services to merchants** (competitors: Worldpay, Worldline, Nets, Wirecard and to a lesser extent Ingenico). In 2015, the group posted sales of EUR480m, operating profit of EUR33.9m (margin of 7%) and a net profit of EUR24.2m (margin of 5%). It said in its annual report that operating profit were expected to rise 7% this year.

Positioning of Concardis

	Issuing transaction processing	Services to cardholders and issuers	Automated clearing house	Credit/debit transfers	Services to merchants	Acquiring transaction processing	Commercial acquiring	Acceptance POS / ecommerce	Services to new digital businesses
Concardis					●	●	●	●	

● Core offering
Source: Bryan, Garnier & Co ests.

PSPs ranking in the European market in 2015 (based on pro-forma revenue)

EURm	Nationality	% of group sales in payment services	% of payment services sales in Europe
Worldline + Equens	France	78%	95%
First Data	US	60%	16%
Nets	Denmark	85%	100%
Worldpay	UK	100%	67%
FIS	US	61%	24%
Concardis	Germany	100%	100%
Global Payments	US	100%	23%
Wirecard	Germany	100%	72%
SIA	Italy	92%	100%
Ingenico Group	France	32%	63%
B+S	Germany	100%	100%
TSYS	US	100%	12%

Source: Bryan, Garnier & Co ests.

VALUATION

- **We maintain our view.** Private equity groups with expertise in financial assets could be interested in Concardis (Advent Capital and Bain International, as well as Permira and Warburg Pincus, CVC...). It may also appeal to peers such as European players (Worldpay, Worldline, B+S) or US players (First Data). However, **given the profitability and the need for investments in new technologies, we believe private equities are the most likely acquirers**. In our view, **if**

bids are really over EUR600m, it would be very expensive (16.5x operating profit). This level of multiples corresponds to transaction multiples we are used to seeing for pure online players **whereas Concardis is mainly a physical PSP**.

NEXT CATALYSTS

- **The first offers for Concardis:** expected early next week at the latest.

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Luxury & Consumer Goods

Groupe SEB

Price EUR129.45

has

Bloomberg	SK FP
Reuters	SEBF.PA
12-month High / Low (EUR)	134.1 / 81.9
Market Cap (EURm)	6,494
Avg. 6m daily volume (000)	66.10

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.3%	8.1%	17.6%	36.8%
Consumer Gds	4.0%	-2.2%	0.5%	-4.4%
DJ Stoxx 600	4.8%	3.4%	6.3%	-3.3%

	2015	2016e	2017e	2018e
P/E	31.3x	24.2x	18.0x	15.8x
Div yield (%)	1.2%	1.3%	1.4%	1.6%

New EUR800m Schuldschein successfully issued

Fair Value EUR140 (+8%) **BUY**

ANALYSIS

- At the beginning of this month, Groupe SEB finalised the acquisition of WMF for a total amount of EUR1,655m (including the additional payment) and the operation was 100% financed by debt. As such, SEB has successfully issued a new EUR800m Schuldschein, which is a private placement regulated by German law.
- Groupe SEB initially considered placing EUR300-500m but in view of significant investor appetite, the placement was increased to EUR800m. This amount was split into four tranches of 3, 5, 7 and 10 years at a very attractive financing cost (lower than 1.5%), hence very limited financing risks surrounding this acquisition in our view since the French group has now secured the refinancing of its EUR1.3bn bridge loan.
- Despite the sharp increase in net debt following the successive acquisitions of EMSA and WMF (net debt/adj. EBITDA ratio of ~3.4x), we expect the financial leverage ratio to return to 2x by 2018 (management guided on "below 2x"), illustrating the rapid deleveraging thanks to a solid FCF generation.

VALUATION

- The successful integration of WMF will clearly be one of the major catalysts for 2017 in order to achieve the significant accretive impact (BG ests: +23% on 2017 EPS).

NEXT CATALYSTS

- Groupe SEB will report its FY17 sales and results on 21st February 2017.

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Healthcare

QIAGEN

Price EUR26.70

Additional US guidelines on TB diagnostic allows QIAGEN to fire on all fronts

Fair Value EUR30 (+12%) **BUY-Top Picks**

Bloomberg	QIA GR
Reuters	QGEN.DE
12-month High / Low (EUR)	26.9 / 17.8
Market Cap (EURm)	6,400
Avg. 6m daily volume (000)	406.8

	1 M	3 M	6 M	31/12/15
Absolute perf.	5.5%	16.5%	38.6%	6.3%
Healthcare	-0.5%	-5.2%	-5.0%	-13.8%
DJ Stoxx 600	4.8%	3.4%	6.3%	-3.3%

	2015	2016e	2017e	2018e
P/E	27.0x	25.9x	22.2x	19.8x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

New guidelines published in the *Clinical Infectious Diseases* Journal support the use of IGRA-based tests for TB screening (i.e. QIA's QuantiFERON-TB and OXFD's T-SPOT) vs. 120 years old TST. Note that these guidelines were jointly developed by the American Thoracic Society, the Infectious Diseases Society and the CDC. This should contribute to the increasing recognition of QIAGEN's test, especially in the US, which accounts for 50% of QuantiFERON-TB sales (USD77m; BGe) and should witness the highest growth rate towards 2020 (2016-2020 CAGR of 20%). During its investor day, QIAGEN insisted on the outlook for this growth driver for which significant sales force investments were made in H1 2016 and which is expected to represent over 15% of total group sales in 2020 (vs. 12% as of today). Growing QuantiFERON-TB sales should come alongside margin improvement, notably with the re-internalisation of production effective in early 2017. We see a +100bp impact on profitability out of a 230bp margin progression in our estimates (remainder coming from G&A leverage).

As a reminder, first set of guidelines issued by the USPSTF in early September were complemented by a grade B recommendation (broadening of prescribers to primary care physicians) but did not specifically highlight the benefits of IGRA-based tests over TSD tests (higher specificity and one visit among others).

Other key positives for the investment case are **1/** the recent resumption of GeneReader sales in the US and **2/** the large SBB programme to be initiated shortly in the form of a reverse stock split with a cash payment.

VALUATION

We reiterate our BUY recommendation and EUR30 Fair Value.

QIAGEN is on our Q4 Top-Pick list. Since 30th September 2016, the share price has gained 9%, outperforming both the Euro STOXX600 (+3.5%) and the Euro STOXX600 Healthcare (-5%) by 5.5pp and 14pp respectively.

NEXT CATALYSTS

1st February 2017: Q4/FY 2016 results

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TMT

Ubisoft

Price EUR31.66

Bloomberg	UBI.FP
Reuters	UBIP.PA
12-month High / Low (EUR)	38.3 / 19.0
Market Cap (EUR)	3,594
Avg. 6m daily volume (000)	266.1

	1 M	3 M	6 M	31/12/15
Absolute perf.	4.0%	-11.4%	-3.8%	18.7%
Softw.& Comp. SVS	3.9%	-2.8%	7.5%	3.0%
DJ Stoxx 600	4.8%	3.4%	6.3%	-3.3%

	03/16	03/17e	03/18e	03/19e
P/E	31.2x	28.5x	17.4x	12.7x
Div yield (%)	NM	NM	NM	NM

The latest news on *Watch Dogs 2* and *Steep* is reassuring

Fair Value EUR35 (+11%) **BUY**

ANALYSIS

VG Chartz has issued its estimates for the first week of *Watch Dogs 2* in the US (only retail sell-through sales): 264,296 units on PS4 (#2) and 116,980 units on Xbox One (#5). We believe **381,276 retail units cumulated on these two consoles in the US validate our estimate of ~1m units worldwide during the first week (retail + digital)**, namely ~-60% compared to *Watch Dogs 1* a year and a half ago. Note that the game was launched on 15th November worldwide for PS4 and Xbox One and on 29th November for PC. **We still expect a good resilience sequentially in week 2 vs. week 1 i.e. around -50/-60%** (vs. -80/-70% for a standard AAA game in week 2). **The rankings of the game remain stable at large and specialised retailers.** As a reminder, **we expect 9m copies (incl. digital) to be sold over the FY 2016-17** (at end-March 2017), i.e. 19.2% of FY revenue.

Regarding *Steep* (Ubisoft's new open-world extreme winter sports game), the key media outlets gave **normal ratings for this kind of games with an aggregate score of 74/100 on average** (PS4 72/100, Xbox One 74/100 and PC 75/100). Note that the game was launched on 2nd December worldwide. **We expect a pretty good start**, knowing that **the audience is extremely targeted** (only core gamers) but there is **very few competition on this niche segment**. We believe the game has first class live services with **great potential for digital content sales**, as *The Crew* last year. We have reasonable expectations for this game. **We expect 2.5m copies (incl. digital) to be sold over the FY 2016/17** (at end-March 2017), i.e. 5.3% of FY revenue.

Given this reassuring recent news, we believe **Q3 sales guidance of ~EUR560m (stable Y/Y) is not at risk**. **It could even be better than that, above all thanks to the back catalogue.**

Ubisoft's line-up on fiscal year 2016-17

Games	Launch date	Target audience	Our impression at E3
Watch Dogs 2	15/11/16	Core gamers	PPP
Steep	02/12/16	Mostly core gamers	P
For Honor	14/02/17	Mostly core gamers	PP
Ghost Recon: Wildlands	07/03/17	Core gamers	PPP
South Park : The Fractured But Whole	Calendar Q1 17, i.e. fiscal Q4	Core/casual gamers	PP

Source: Bryan, Garnier & Co (P Weak; PP Good; PPP Excellent).

VALUATION

We maintain our **Buy recommendation** and **FV of EUR35** (only based on fundamentals).

NEXT CATALYSTS

14/02/17: *For Honor*. **February 2017:** Q3 sales.

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Healthcare

Zealand

Price DKK110.50

Dasiglucagon enters phase II with Beta Bionics

Fair Value DKK223 (+102%) **BUY**

Bloomberg	ZEAL DC
Reuters	22Z.F
12-month High / Low (DKK)	154.5 / 87.0
Market Cap (DKKm)	2,889
Avg. 6m daily volume (000)	128.5

	1 M	3 M	6 M	31/12/15
Absolute perf.	12.2%	2.3%	-8.7%	-27.1%
Healthcare	-0.5%	-5.2%	-5.0%	-13.8%
DJ Stoxx 600	4.8%	3.4%	6.3%	-3.3%

	2015	2016e	2017e	2018e
P/E	NS	NS	NS	21.6x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

Zealand has hit a new major milestone within its proprietary pipeline with the start of two phase IIa trials with dasiglucagon, its glucagon analogue, in a dual-hormone artificial pancreas system, in partnership with Beta Bionics that is in charge of developing the appropriate device. As reflected with the term of artificial pancreas, the objective is to deliver in a single device two hormones (insulin and glucagon) according to patient needs i.e. to reproduce what a normal pancreas is doing in non-diabetics. This would be a major advance and complete paradigm shift for people living with type 1 diabetes if this approach prevails (better glycaemic control with lower risk of hypoglycaemia and reduced burden for patients). Of course, there are yet some challenges and hurdles to overcome, including from a technical standpoint, before the concept can become a commercial product but Zealand and Beta Bionics are forming a very interesting alliance in this field with promising technologies.

Results from the phase IIa trials are expected in H1 2017 before further phase II trials are performed during the same year.

VALUATION

Dasiglucagon, although less advanced than ZP4207 as a rescue treatment and glepaglutide, could be the most transformative product within Zealand's pipeline. However, it is so far also the riskiest. We have assigned no value to it yet.

NEXT CATALYSTS

January 2017: UE approval/US launch of Soliqua - Click here to download

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Bryan Garnier stock rating system

For the purposes of this Report, the Bryan Garnier stock rating system is defined as follows:

Stock rating

BUY	Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
NEUTRAL	Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.
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Distribution of stock ratings

BUY ratings 55.6% NEUTRAL ratings 34% SELL ratings 10.5%

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